

OFFICE OF THE MINNESOTA ATTORNEY GENERAL
445 Minnesota Street, Suite 900
St. Paul, Minnesota 55101-2127
Telephone: (651) 757-1224
Facsimile: (651) 297-8265
Jeremy D. Eiden, Esq., Assistant Attorney General

ATTORNEYS FOR THE MINNESOTA STATE
BOARD OF INVESTMENT

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:

**LEHMAN BROTHERS HOLDINGS,
INC. *et al.*,**

Chapter 11
Case No.: 08-13555 (JMP)
(Jointly Administered)

Debtors.

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**JOINDER IN THE PRELIMINARY OBJECTION OF THE AD HOC GROUP OF
LEHMAN BROTHERS CREDITORS TO THE JOINT CHAPTER 11 PLAN OF
LEHMAN BROTHERS HOLDINGS INC. AND ITS AFFILIATED DEBTORS AND TO
THE DEBTORS' DISCLOSURE STATEMENT FOR JOINT CHAPTER 11 PLAN OF
LEHMAN BROTHERS HOLDINGS INC. AND ITS AFFILIATED DEBTORS
PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE
AND REQUEST FOR STATUS CONFERENCE**

Minnesota State Board of Investment ("MSBI"), a party-in-interest in the above-captioned case, by undersigned counsel, the Office of the Minnesota Attorney General, Assistant Attorney General Jeremy D. Eiden, hereby submits this joinder (the "Joinder") in the Preliminary Objection of the Ad Hoc Group of Lehman Brothers Creditors to the Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors and to the Debtors' Disclosure Statement for Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors pursuant to Section 1125 of the Bankruptcy Code and the Request for Status Conference (the "Objection").

BACKGROUND

1. Commencing on September 15, 2008 (the “Petition Date”), and periodically thereafter, Lehman Brothers Holding Inc. and its affiliated Chapter 11 Debtors in Possession (collectively, the “Debtors”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. § 101-1532 (as amended, the “Bankruptcy Code”) in Bankruptcy Court for the Southern District of New York (the “Court”). On March 15, 2010, LBHI and its affiliated Debtors filed a Joint Chapter 11 Plan. On April 14, 2010, LBHI and its affiliated Debtors filed its Joint Disclosure Statement and Amended Joint Chapter 11 Plan.

2. MSBI is an unsecured creditor of Lehman Brothers Holdings Inc. (“LBHI”), Lehman Brothers Inc. (“LBI”), and Lehman Brothers Special Financing (“LBSF”). MSBI is not a member of the Ad Hoc Group of Lehman Brothers Creditors.

3. By the Objection, the Ad Hoc Group of Lehman Brothers Creditors (“Ad Hoc Group”) is asking this Court to establish a discovery procedure similar to the procedure set forth in *In re Adelpia Commc’ns Corp.*, 368 B.R. 140, 147 (Bankr. S.D.N.Y. 2007). Additionally, the Ad Hoc Group requests that this Court set a date for a status conference at the July 14, 2010, omnibus hearing to establish procedures that will be followed regarding any litigation stemming from the settlement of inter-company claim settlements and guarantee claim settlements of the Debtors.

MSBI'S JOINDER

4. White & Case, LLP, attorneys for the Ad Hoc Group, filed the Objection on June 29, 2010. MSBI files this Joinder in support of the Objection, because MSBI concurs that the size and complexity of the Debtors’ joint bankruptcy cases, coupled with the sheer enormity of value and number of the inter-debtor claims, call for certain measures to be taken to insure a fair

and open process in which the unsecured creditors of LBHI and its affiliates will be able to protect their interests - and at the same time ensuring a orderly and cost-effective process to minimize waste.

5. LBHI and its affiliates set up a complex web of financial dealings that will take time to unravel. This will necessarily require litigation as the interests of different creditors will not easily be aligned, if at all. It will not, hopefully, rise to the amount of litigation and disagreement that was seen in *Adelphia*. However the need for an orderly process of discovery and litigation will be necessary to provide the Debtors and their creditors resolution that is economical and expeditious. As stated in the Objection, the Debtors' Disclosure Statement states, "For example, LBHI creditors, who are being asked to support the settlement, are not informed of the range of economic recoveries available to them if there was a substantive consolidation versus a strict 'books and records' waterfall... A substantive consolidation of the Debtors' U.S. subsidiaries alone would increase recoveries for LBHI creditors by billions, and litigation with respect to other intercompany claims could involve additions billions." *Prelim. Obj.*, Dkt. 9905, pg. 7-8. The complexities of the transactions and the amount of money involved invite a lengthy litigation process.

6. The Debtors anticipate and have prepared for litigation regarding the settlement agreements. They explicitly state this in the treatment of guarantee claims, "The Debtors reserve the right to challenge the validity of various Guarantee Claims and the enforceability of the underlying Transaction Guarantee or Guarantee Resolution." *Debtors' Disclosure Stmt.*, Dkt. 8332, pg. 89. Additionally, as noted by the Objection, the settlements of inter-debtor issues will need creditor support of each of the Debtors' estates or approval of the Court. In this sort of situation, when the creditors of different estates are trying to maximize their recovery, litigation

is likely to ensue. A forward-looking approach to the methods of discovery and process of filing objections will minimize the cost to the estate, and reduce time needed to litigate - both of which increase the chances of recovery of all creditors.

CONCLUSION

For the aforementioned reasons, MSBI supports the Ad Hoc Group's Preliminary Objection to the extent that it asks for the creation of a process for discovery and a method to which controversies may be adjudicated by this Court in an orderly and economical fashion.

Dated: June 30, 2010

Respectfully submitted,

LORI SWANSON
Attorney General
State of Minnesota

s/ **Jeremy D. Eiden**

Jeremy D. Eiden
Assistant Attorney General
Minn. Atty. Reg. No. 0388289

445 Minnesota Street, Suite 900
St. Paul, MN 55101-2127
Telephone: (651) 757-1224
Fax: (651) 297-8265
jeremy.eiden@state.mn.us

Attorneys for Minnesota
State Board of Investment